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February 6, 2003

VIA ELECTRONIC FILING

Mr. William Maher
Bureau Chief
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C.

Re: Ex Parte
CC Docket Nos. 01-338, 96-98, 98-147

Dear Mr. Maher:

In recent meetings discussing unbundled transport, SNiP LiNK LLC ("SNiP LiNK") was asked when it would replace leased facilities with its own self-provided transport. SNiP LiNK has faced this question in a real world situation involving a transport ring that connected its switch and one of its primary interconnection points in the Philadelphia and New Jersey area. The purpose of this letter is to explain the considerations that went into SNiP LiNK's decision replace leased OC-12 facilities with a self-provisioned OC-48 SONET ring connecting these interconnection points.

SNiP LiNK is a facilities-based CLEC serving schools and small businesses in Southeastern Pennsylvania, Delaware and New Jersey. SNiP LiNK is a privately held entity, which has five times been recognized as one of the fastest growing small businesses in the Philadelphia area. SNiP LiNK does not have access to capital for a ubiquitous network, or for speculative "build it and they will come" network construction. Instead, SNiP LiNK must come at decisions regarding its network from the opposite direction. *First*, it must find customers and

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traffic it can serve with an economical cost of carrying the traffic to SNIp LiNK's switch.¹ Generally, SNIp LiNK will acquire the necessary network capacity at this first stage through leased facilities, whether from Verizon or from a competitive carrier. Only after SNIp LiNK has generated a substantial concentration of traffic can it consider replacing leased facilities with facilities controlled by SNIp LiNK.

In the case of SNIp LiNK's SONET ring, the company has a specific need to connect its switch (located in Pennsauken, NJ) with its POI in Philadelphia, PA.² The entire length of this ring is less than 20 miles. In anticipation of significant traffic growth, SNIp LiNK purchased a special access OC-12 from Verizon for this ring. After approximately 30 months, however, SNIp LiNK exhausted the capacity of this OC-12, at which point it had to consider whether to purchase additional facilities or to move to alternative facilities.

After consideration of the practical, economic and operational difficulties of the options available to it, SNIp LiNK determined that it was in its economic interest to replace the leased OC-12. Put simply, the monthly recurring costs of a higher capacity facility (e.g., an OC-48) or of a second OC-12 simply were too high. At this level of capacity, SNIp LiNK believed that it could provision an OC-48 using installed fiber or leased dark fiber at a more economical cost. Therefore, SNIp LiNK decided to replace the Verizon OC-12 with self-provided facilities providing an OC-48 of capacity.

Before SNIp LiNK exhausted its OC-12, construction of its own facilities was cost-prohibitive from an economic standpoint. In addition, it would not make sense for SNIp LiNK to construct a facility providing substantially the same capacity as its leased OC-12. The costs, delays and other difficulties associated with deploying an OC-12 facility outweigh any benefit to be obtained from the use of its own facilities. It is only because SNIp LiNK decided to replace the OC-12 with an OC-48 that deployment of its own facilities was an option.

Notably, the construction of this fiber ring was not an easy task. As detailed more extensively in the Affidavit of Joseph A. Polito dated April 5, 2002³, SNIp LiNK encountered significant delays in obtaining the necessary pole attachments and rights of way to complete what is a relatively short SONET ring. All told, construction of this replacement facility took over 19 months and resulted in substantial additional costs not originally included in SNIp LiNK's cost analysis.

¹ This principle is a bedrock of SNIp LiNK's critical reliance on access to EELs, particularly to DS1 EELs used to serve small businesses with its integrated T1 products. See SNIp LiNK Sep. 25, 2002 *ex parte* (providing case studies of the cost of serving customers with and without EELs). If SNIp LiNK cannot serve a customer profitably, it simply will not offer its services to that customer or area.

² From these two locations, SNIp LiNK gains access to the local tandems in LATAs 228 and 222.

³ Filed as an attachment to the Joint Comments of NuVox et al. (April 5, 2002).

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In accordance with Section 1.1206(b)(1), this letter is being filed electronically in the Commission dockets specified above.

Sincerely,

/s/
Steven A. Augustino

SAA:pab

cc: (via email)
Christopher Libertelli
Dan Gonzalez
Jordan Goldstein
Matt Brill
Lisa Zaina
Jeff Carlisle
Michelle Carey
Brent Olson
Tom Navin
Jeremy Miller
Julie Veach